FIVE IHCIF OPTIONS & RATIONALE FOR EACH

Areas	OPTION 1 60% LNF		OPTION 2 100% LNF		OPTION 3 $5m @60% / $5m @100%			OPTION 4 $9m LNF / $1m CHS			OPTION 5 $8m LNF / $2m CHS		
	60% LNF		100% LNF		60% LNF	100% LNF	Total	60% LNF	CHS	Total	60% LNF	CHS	Total
Aberdeen	$ 689,227		$ 939,276		$ 344,614	$ 469,638	$ 814,252	$ 620,305	$ 65,274	$ 685,578	$ 551,382	$ 130,547	$ 681,929
Alaska	$ -		$ 454,665		$ -	$ 227,332	$ 227,332	$ -	$ 83,283	$ 83,283	$ -	$ 166,565	$ 166,565
Albuquerque	$ 542,542		$ 609,822		$ 271,271	$ 304,911	$ 576,182	$ 488,288	$ 33,511	$ 521,799	$ 434,034	$ 67,021	$ 501,055
Bemidji	$ 1,795,557		$ 1,029,134		$ 897,779	$ 514,567	$ 1,412,346	$ 1,616,001	$ 113,374	$ 1,729,375	$ 1,436,446	$ 226,748	$ 1,663,193
Billings	$ 10,041		$ 452,620		$ 5,020	$ 226,310	$ 231,330	$ 9,037	$ 82,751	$ 91,787	$ 8,033	$ 165,502	$ 173,534
California	$ 514,524		$ 538,848		$ 257,262	$ 269,424	$ 526,686	$ 463,072	$ 210,714	$ 673,786	$ 411,619	$ 421,429	$ 833,048
Nashville	$ 117,208		$ 256,631		$ 58,604	$ 128,315	$ 186,919	$ 105,487	$ 17,553	$ 123,040	$ 93,766	$ 35,106	$ 128,873
Navajo	$ 2,168,474		$ 1,807,383		$ 1,084,237	$ 903,691	$ 1,987,928	$ 1,951,626	$ 88,374	$ 2,040,000	$ 1,734,779	$ 176,748	$ 1,911,527
Oklahoma	$ 3,347,940		$ 2,290,877		$ 1,673,970	$ 1,145,439	$ 2,819,409	$ 3,013,146	$ 40,046	$ 3,053,192	$ 2,678,352	$ 80,091	$ 2,758,443
Phoenix	$ 433,570		$ 893,920		$ 216,785	$ 446,960	$ 663,745	$ 390,213	$ 62,006	$ 452,219	$ 346,856	$ 124,012	$ 470,868
Portland	$ 210,296		$ 545,856		$ 105,148	$ 272,928	$ 378,076	$ 189,266	$ 183,131	$ 372,397	$ 168,237	$ 366,261	$ 534,498
Tucson	$ 170,620		$ 180,969		$ 85,310	$ 90,484	$ 175,794	$ 153,558	$ 19,985	$ 173,543	$ 136,496	$ 39,970	$ 176,466
Grand Total	$ 10,000,000		$ 10,000,000		$ 5,000,000	$ 5,000,000	$ 10,000,000	$ 9,000,000	$ 1,000,000	$ 10,000,000	$ 8,000,000	$ 2,000,000	$ 10,000,000

Option 1 Rationale

Option 1 accepts the LNF workgroup formula as proposed. The 60% LNF formula distributes funds in proportion to the extent of underfunding, but only for units below the average (60%). Option 1 addresses inequity on a narrow front by concentrating funds to the bottom half of units. Other underfunded units are deferred until below average units reach 60% -- a gap of $266m. This approach emphasises a 60% funding goal for the immediate future and 100% later. LNF formula elements include local number of users, a shared mainstream health benefits package and adjustments to compensate for local price variations, area average health status, and size of individual units.

Option 2 Rationale

Option 2 changes the LNF formula to distribute funds to ALL underfunded units proportionally, including underfunded units between 60% and 100% of need. Option 2 deals with inequity on a broad front by proportionally addressing underfunding in all units. The formula gives below average units a larger proportion than above average units, i.e., the allocation to a unit funded at 40% (60% unmet) is 6 times greater than to a unit at 90% (10% unmet). 100% funding of actual need is both the immediate and ultimate goal. Factors are the same as in Option 1.

Option 3 Rationale

Option 3 blends options 1 and 2 to address inequity on both a narrow and broad front. $5m is distributed with the 60% LNF formula to the bottom half of units and $5m is distributed with the 100% LNF formula in proportion to underfunding in all units. The rationale is a compromise of narrow and broad front strategies outlined above.

Option 4 Rationale

Option 4 accepts the recommended 60% LNF formula to distribute $9m of IHCIF funds and distributes $1m by a CHS formula. Allocating a portion with the CHS formula is a sign that tribal consultation remains open on the LNF formula. The CHS formula allocates to areas (no individual units are identified) thereby allowing area some flexibility to consider local/regional factors differently (chiefly related to CHS). The CHS formula elements include area CHS workload, area average health status (YPLL), area CHS dependency (% of inpatient paid with CHS $). The rationale for the LNF portion remains the same as Option 1.

Option 5 Rationale

Option 5 accepts the recommended 60% LNF formula to distribute $8m of IHCIF funds and distributes $2m by a CHS formula. The rationale is this is as a sign that tribal consultation remains open on the LNF formula. Rationale for the LNF portion remains the same as in Option 1.